

CITY AND COUNTY OF SAN FRANCISCO
BOARD OF SUPERVISORS
BUDGET AND LEGISLATIVE ANALYST

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TO: Budget and Finance Committee

FROM: Budget and Legislative Analyst



SUBJECT: December 13, 2018 Budget and Finance Committee Meeting

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Item 1 File 18-1063	Department: San Francisco International Airport (Airport)
EXECUTIVE SUMMARY	
<p>Legislative Objectives</p> <ul style="list-style-type: none"> • The proposed resolution would approve the fifth modification to the existing contract between the Airport and Bombardier to (a) extend the contract by four months from March 1, 2019 through June 30, 2019, and (b) increase the contract no-to-exceed amount by \$5,143,268 from \$130,299,196 to \$135,442,464. <p>Key Points</p> <ul style="list-style-type: none"> • In March 1998, the Airport entered into a two-phase contract with Bombardier Transportation USA Inc. (Bombardier), based on a competitive Request for Proposals process, to (a) design, construct, and install the light rail air train system (AirTrain) (Phase I) and (b) operate and maintain the AirTrain system through February 2009 (Phase II). • In 2008, the Airport entered into a new contract with Bombardier to operate and maintain the AirTrain system through February 2017 for an amount not-to-exceed \$56,500,000. The Board of Supervisors previously approved four modifications to the contract; the fourth modification extended the contract through February 28, 2019, and increased the contract not-to-exceed amount to \$130,299,196. <p>Fiscal Impact</p> <ul style="list-style-type: none"> • The proposed resolution would increase the existing not-to-exceed contract amount with Bombardier by \$5,143,268 from \$130,299,196 to \$135,442,464 for operations and maintenance services for the Airport's AirTran System. • To date, the Airport has paid Bombardier a total of \$125,001,628, or \$5,297,568 less than the total not-to-exceed amount of \$130,299,196. There are still three months remaining on the contract. The contract is funded through the Airport's annual operating fund. The operating fund has \$15,312,910 budgeted for this contract for FY2018-19. <p>Policy Consideration</p> <ul style="list-style-type: none"> • The four month extension allows Airport staff additional time to complete a cost analysis and negotiate a new long term contract with Bombardier, which will begin on July 1, 2019. <p>Recommendation</p> <ul style="list-style-type: none"> • Approve the proposed resolution. 	

MANDATE STATEMENT

City Charter Section 9.118(b) states that any contract entered into by a department, board or commission that (1) has a term of more than ten years, (2) requires expenditures of \$10 million or more, or (3) requires a modification of more than \$500,000 is subject to Board of Supervisors approval.

BACKGROUND

In March 1998, the Airport entered into a two-phase contract with Bombardier Transportation (Holdings) USA Inc. (Bombardier), based on a competitive Request for Proposals process, to (a) design, construct, and install the light rail air train system (AirTrain) (Phase I) and (b) operate and maintain the AirTrain system through February 2009 (Phase II).

In December 2004, the Airport filed a lawsuit against Bombardier for contract delays and property damages, which was settled in April 2008. The settlement included a provision that allowed the Airport to recover costs if Bombardier did not meet performance incentives, and the Airport would approve a five-year contract for Bombardier to operate and maintain the AirTrain system from March 2009 through February 2014. The Board of Supervisors approved the contract in November 2008 (File 08-0942) and exempted the contract from a competitive request for proposal process because the contract was awarded as a result of a legal settlement.

The new five-year contract included one option to extend the term of the contract by three years through February 2017, which was mandatory if Bombardier met performance benchmarks, and two additional one-year options to extend the term of the contract through February 2019 at the sole discretion of the Airport. The new five-year contract was for an amount not-to-exceed \$56,500,000. Since then, the Airport has modified the contract three times.

In December 2013, the Board of Supervisors approved the first modification to the contract (File 13-0879) to exercise the option to extend the term of the contract by three years, from March 2014 through February 2017 and increase the total not-to-exceed contract amount by \$42,200,000 from \$56,500,000 to \$98,700,000.

In September 2014, the Board of Supervisors approved the second modification to the contract to increase the not-to-exceed amount by \$1,843,834 from \$98,700,000 to \$100,543,834 to replace outdated equipment and provide a contingency for equipment replacement and repair (File 14-0742).

In February 2017, the Board of Supervisors approved the third modification to the contract to exercise the first of two (2) one-year options to extend the contract from March 1, 2017, through February 28, 2018, and increase the not-to-exceed amount by \$14,901,134 from \$100,543,834 to \$115,444,968.

In March 2018, the Board of Supervisors approved the fourth modification to the existing contract between the Airport and Bombardier to (a) exercise the second of the two (2) one-

year options to extend the contract from March 1, 2018, through February 28, 2019, in order for Bombardier to continue to provide operations and maintenance services for the AirTrain System, and (b) increase the contract not-to-exceed amount by \$14,854,228 from \$115,444,968 to \$130,299,196.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve the fifth modification to the existing contract between the Airport and Bombardier to (a) extend the contract by four months from March 1, 2019 through June 30, 2019, and (b) increase the contract no-to-exceed amount by \$5,143,268 from \$130,299,196 to \$135,442,464.

According to Ms. Cynthia Avakian, Airport Director of Contracts, the four month extension allows Airport staff additional time to complete a cost analysis and negotiate a new long term contract with Bombardier, which will begin on July 1, 2019 (see Policy Considerations).

FISCAL IMPACT

The proposed resolution would increase the existing not-to-exceed contract amount with Bombardier by \$5,143,268 from \$130,299,196 to \$135,442,464 for operations and maintenance services for the Airport's AirTran System. The breakdown of the increase is shown in Table 1 below.

Table 1: AirTrain Proposed Increased Modification

Labor	\$4,220,826
Material	841,583
Potential Bonuses*	47,088
Passenger Count Data Management	7,524
Contingency for Replacement of Obsolete Parts	26,247
Total	\$5,143,268

*The Airport pays Bombardier a monthly bonus if it achieves 99.8 percent on time performance, and imposes penalties if the company does not achieve this performance measure. Bombardier has never received the full budgeted bonus amount.

The Airport determined the increase in contract cost using the escalation set forth in the general requirements of the original contract using indexed changes for labor and parts and materials.

To date, the Airport has paid Bombardier a total of \$125,001,628, or \$5,297,568 less than the total not-to-exceed amount of \$130,299,196. There are still three months remaining on the contract.

The contract is funded through the Airport's annual operating fund. The operating fund has \$15,312,910 budgeted for this contract for FY 2018-19.

POLICY CONSIDERATION

The proposed resolution extends the existing contract between the Airport and Bombardier to operate and maintain the AirTrain System for four months from March 2019 through June 2019 to allow for negotiations for a new sole source contract. According to Airport staff, there are currently no other companies that perform operations and maintenance on a Bombardier installed system due to its proprietary nature and complexity.

The Airport plans to ask for approval from the Office of Contract Administration for a new proprietary contract with Bombardier.¹ After obtaining approval, Airport staff plans to finalize negotiations with Bombardier for a new operations and maintenance contract. According to Ms. Avakian, the Airport hired a third party consultant, PGH Wong Engineering, to gather data from similar transit systems across the United States in order to perform a cost analysis. The analysis was completed on November 23, 2018 and is being used in the ongoing negotiations with Bombardier.

The Airport expects the new contract to be finalized by the end of the year, and the Airport will seek approval by the Board of Supervisors for the new contract in 2019.

RECOMMENDATION

Approve the proposed resolution

¹ Administrative Code 21.S(d) regulates proprietary contracts.

Item 3 File 18-1168	Department: Office of Economic Workforce Development (OEWD)
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EXECUTIVE SUMMARY

Legislative Objectives

- The proposed hearing would release \$787,245 from Budget and Finance Committee reserve for the Office of Economic and Workforce Development's (OEWD) Open Space Conservancy Program.

Key Points

- OEWD's FY 2018-19 budget included new funding of \$1,287,245 for the Public Space Conservancy Project. In June 2018, the Board of Supervisors placed \$787,245 on Budget and Finance Committee reserve, pending finalization of a business plan and awarding of funds to a community based organization through a competitive Request for Proposals (RFP) process. OEWD allocated the balance of \$500,000 to a prior grant with the nonprofit San Francisco Parks Alliance for initial expenditures for the Public Space Conservancy Project.
- OEWD issued an RFP in August 2018 to award grants to community based organizations for several programs, including the Public Space Conservancy, and awarded the grant to San Francisco Parks Alliance, which was the only respondent to the RFP for the Public Space Conservancy grant.

Fiscal Impact

- Of the \$1,287,245 appropriation in FY 2018-19, OEWD will have spent \$500,000 on the prior San Francisco Parks Alliance grant for the six month period from July 2018 to December 2018. The balance of \$787,245 will be allocated to the new grant with San Francisco Parks Alliance from January to June.

Recommendation

- Approve the release of reserves.

MANDATE STATEMENT

City Administrative Code Section 3.3(e) states that the Budget and Finance Committee of the Board of Supervisors has jurisdiction over the City's budget and may reserve proposed expenditures to be released at a later date subject to Board of Supervisors approval. The practice of the Board of Supervisors is for the Budget and Finance Committee to approve release of funds placed on reserve by the Committee, without further Board of Supervisors approval.

BACKGROUND

The Office of Economic and Workforce Development's (OEWD) FY 2018-19 budget included new funding of \$1,287,245 for the Public Space Conservancy Project. The Budget and Finance Committee placed \$787,245 of the \$1,287,245 appropriation on Budget and Finance Committee reserve pending finalization of the Public Space Conservancy business plan and awarding of funds to a community based organization through a competitive Request for Proposals (RFP) process.

OEWD contracted with the consultant Kearstin Krehbil to prepare a report, identifying a model for a public-private partnership to create and maintain public plazas, parks, sidewalks, and other public places. Based on the May 2018 report to OEWD by Kearstin Krehbil, OEWD proposed \$1,287,245 in the FY 2018-19 budget to implement the Public Space Conservancy Project.

OEWD planned to contract with a nonprofit organization to administer the proposed Public Space Conservancy. At the time of the budget hearing in June 2018, OEWD had not yet developed a business plan or governance structure (such as an advisory board) for the proposed Public Space Conservancy, nor issued an RFP to select a nonprofit organization to administer the conservancy.

DETAILS OF PROPOSED LEGISLATION

The hearing is to request the release of \$787,245 on Budget and Finance Committee reserve for the Public Space Conservancy Project. Of the \$1,287,245 appropriated in FY 2018-19, the Budget and Finance Committee approved \$500,000 and placed the balance of \$787,245 on Budget and Finance Committee reserve. OEWD allocated the \$500,000 to a prior grant with the nonprofit San Francisco Parks Alliance for initial expenditures for the Public Space Conservancy Project.

OEWD issued an RFP in August 2018 to award grants to community based organizations for several programs, including the Public Space Conservancy. The purpose of the grant was for the community based organization to initiate the Public Space Conservancy, including serving as an intermediary between local communities and City departments to improve and manage public spaces. The goal of the grant was to more equitably distribute public spaces across the City. The scope of work for the grant included (1) developing a business plan, (2) creating and evaluating

a pilot project, and (3) vendor and client development. OEWD awarded the Public Space Conservancy grant to San Francisco Parks Alliance, which was the only respondent to the RFP for the Public Space Conservancy grant.

In November 2018, San Francisco Parks Alliance prepared a business plan for OEWD. San Francisco Parks Alliance set out a timeline through June 2019 for developing pilot projects, including identifying sites for public space improvements, and private partners and funding to develop the identified sites. The San Francisco Parks Alliance has identified 22 potential pilot sites throughout the 11 supervisorial districts for open space improvements.¹

FISCAL IMPACT

Of the \$1,287,245 appropriation in FY 2018-19, OEWD will have spent \$500,000 on the prior San Francisco Parks Alliance grant (as noted above), for the six month period from July 2018 to December 2018. The balance of \$787,245 will be allocated to the new grant with San Francisco Parks Alliance from January to June, as shown in the table below.

Use	FY 2018-19	Expenditures July to December	Expenditures January to June
Salary, Benefits, Taxes	\$592,245	\$230,044	\$362,201
Consultants	300,000	116,528	183,472
Legal, IT, Accounting	295,000	114,586	180,414
Rent	100,000	38,843	61,158
Totals	\$1,287,245	\$500,000	\$787,245

Source: OEWD

According to Mr. Merrick Pascual, OEWD Chief Financial Officer, OEWD will initially allocate \$400,000 to the new grant with San Francisco Parks Alliance; the balance of \$387,245 will be allocated to San Francisco Parks Alliance if the Alliance has met the deliverables and performance goals of the grant agreement.

RECOMMENDATION

Approve the release of reserves.

¹ The 22 potential sites are Muriel Leff Mini Park in District 1, Lombard Street in District 2, Hallidie Plaza in District 3, La Playa Park in District 4, Buena Vista Park and Gene Suttle Plaza in District 5, McCoppin Hub, Turk and Hyde Mini Park, St. McCauley Park, and Victoria Manalo Draves Park in District 6, Unity Plaza and Ingleside Library Garden in District 7, Noe Valley Town Square, Harvey Milk Plaza, and Jane Warner Plaza in District 8, 16th and Mission BART Plaza and Jose Coronado Park in District 9, Mendell Plaza, Crane Cove Park (coming in 2020) and Daggett Plaza in District 10, and Persia Triangle and Randolph and Bright St. Pocket Park in District 11.

Item 4 File 18-1173	Department: District Attorney's Office (District Attorney)
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EXECUTIVE SUMMARY

Legislative Objectives

The requested hearing is for the release of \$1,354,333 on Budget and Finance Committee reserve to fund the operating expenses of the Independent Investigations Bureau in FY 2018-19.

Key Points

- The District Attorney's (DA) Office created the Independent Investigations Bureau in December 2016 to investigate police officer-involved shootings, excessive use of force, and in-custody deaths, which had previously been investigated by the Police Department.
- The Budget and Finance Committee placed \$1,354,333 on Budget and Finance Committee reserve pending a report by the Controller's Office on the efficiency and effectiveness of the work performed by the Independent Investigations Bureau. The Controller's Office released their report on November 16, 2018.

Fiscal Impact

- The Independent Investigations Bureau currently has one vacant 8177 Attorney position that is expected to be filled in January 2019.
- The Independent Investigations Bureau has a budget of \$2,782,127, of which \$968,140 has been spent through the most recent pay period, and projected expenditures of \$1,624,926 for the remainder of the fiscal year. The actual and projected expenditures leave an estimated surplus of \$189,061.

Recommendation

- Approve the release of \$1,165,272 and retain \$189,061 on Budget and Finance Committee reserve to be returned to General Fund fund balance at the end of the fiscal year.

MANDATE STATEMENT

City Administrative Code Section 3.3(e) states that the Budget and Finance Committee of the Board of Supervisors has jurisdiction over the City's budget and may reserve proposed expenditures to be released at a later date subject to Board of Supervisors approval. The practice of the Board of Supervisors is for the Budget and Finance Committee to approve release of funds placed on reserve by the Committee, without further Board of Supervisors approval.

BACKGROUND

Following recommendations from the Obama administration's Task Force on 21st Century Policing in 2015, the District Attorney's (DA) Office created the Independent Investigations Bureau in December 2016 to investigate police officer-involved shootings, excessive use of force, and in-custody deaths, which had previously been investigated by the Police Department.

Controller's Report on the Independent Investigations Bureau

The FY 2018-19 budget for the DA's Office included \$2,708,666 for the Independent Investigations Bureau. The Budget and Finance Committee placed \$1,354,333, or six months of the one-year budget allocation, on Budget and Finance Committee reserve pending a report by the Controller's Office on the efficiency and effectiveness of the work performed by the Independent Investigations Bureau. The Controller's Office released their report on November 16, 2018.

The Controller's Office found that: (1) San Francisco's investigative process falls within current norms as compared to similar jurisdictions; (2) staffing levels increased significantly in FY 2017-18, as did the number of resolved investigations; and (3) drawing conclusions about the current case closure rate and length of time it takes to complete investigations is difficult because the Independent Investigations Bureau has been in operation for less than two years.

The Controller's Office recommends that the Independent Investigations Bureau should: (1) finalize a new Memorandum of Understanding (MOU) with the Police Department as soon as possible that clarifies roles and responsibilities regarding investigative control and independence; (2) aim to be fully staffed by the end of FY 2018-19; and (3) ensure that all reports on charging decisions are posted online in a timely and organized manner in the interest of transparency.

DETAILS OF PROPOSED LEGISLATION

The requested hearing is for the release of \$1,354,333 on Budget and Finance Committee reserve to fund the operating expenses of the Independent Investigations Bureau in FY 2018-19.

FISCAL IMPACT

As of the date of this report, 13 of the 14 full-time equivalent (FTE) positions in the Independent Investigations Bureau are filled. One 8177 Attorney position that was vacant at the start of FY 2018-19 was filled in October 2018, and another 8177 Attorney position became vacant in October. According to Mr. Eugene Clendinen, Chief Administrative & Financial Officer of the DA's Office, the DA's Office anticipates filling the vacant position by January 2019.

As of December 5, 2018, the actual expenditures in FY 2018-19 for the Independent Investigations Bureau total \$968,140. Assuming that all positions will be filled by January 2019, operating costs are projected to total \$1,624,926 for the remainder of the fiscal year. Given that the DA's Office currently has \$459,654 in available funds for the Independent Investigations Bureau, as shown in Table 1 below, the Budget and Legislative Analyst recommends releasing \$1,165,272 to cover projected expenditures through the end of the fiscal year.

Table 1: Recommended Release of Funds

Revised FY 2018-19 Budget ^a	\$2,782,127
Budget and Finance Committee Reserve	(1,354,333)
Actual Expenditures ^b	(968,140)
Available Funds	\$459,654
Projected Costs through FY End ^c	\$1,624,926
Less Available Funds	(459,654)
Recommended Release	\$1,165,272

^a Although the FY 2018-19 budget in the Mayor's proposed budget was previously reported as \$2,708,666, the "revised" budget of \$2,782,127 includes the carryforward of unspent funds from the previous fiscal year.

^b Through the November 16, 2018 pay period, or 10 of 26 pay periods in FY 2018-19.

^c Calculated as the actual cost of the most recent per pay period multiplied by the 16 remaining pay periods in the fiscal year (\$1,519,746), plus salary and fringe benefits for a new hire beginning in January 2019 (\$105,180).

RECOMMENDATION

Approve the release of \$1,165,272 and retain \$189,061 on Budget and Finance Committee reserve to be returned to General Fund fund balance at the end of the fiscal year.

Item 8 through 26 File 18-1114 through 18-1132	Department: Office of Contract Administration
EXECUTIVE SUMMARY	
<p>Legislative Objectives</p> <ul style="list-style-type: none"> • The proposed resolutions will authorize the Office of Contract Administration to award contracts to 19 technology firms, enabling such firms to sell products and services to City departments through the Technology Marketplace 2.0. The proposed contracts are for approximately a three-year term from January 1, 2019 through December 31, 2021, with two one-year options to extend the contracts through December 31, 2023. The initial not-to-exceed amount of each contract is \$20,000,000. <p>Key Points</p> <ul style="list-style-type: none"> • The Office of Contract Administration selects information technology firms through a competitive request for proposals process to provide goods and services through the Technology Marketplace. City departments may purchase technology products and specialized services through the Technology Marketplace on an as-needed basis. • The Office of Contract Administration decided to implement Technology Marketplace 2.0, which the number of vendors from which a department could choose. In addition, Technology Marketplace 2.0 includes a specific procurement process for cloud services, the ability to refresh the Technology Marketplace by adding new vendors, and the implementation of language to allow flexible insurance requirements. <p>Fiscal Impact</p> <ul style="list-style-type: none"> • Under the proposed contracts, each contractor has a maximum contract amount of \$20,000,000, which is the cumulative amount that City departments may purchase from each contractor. • The current Technology Marketplace contracts were for a not-to-exceed amount of \$12 million. The Office of Contract Administration increased the not-to-exceed cap to \$20 million, which is based on the current average spend rate of \$23.5 million per vendor, as a better estimate of expected expenditure. • Based on the expenditure rate among current Technology Marketplace Tier 1 contracts, the Office of Contract Administration estimates a yearly expenditure of \$75 million for the new Technology Marketplace 2.0 Tier 1 contracts, or \$225 million among Tier 1 contracts for the initial three year term. <p>Recommendation</p> <ul style="list-style-type: none"> • Approve the proposed resolutions 	

MANDATE STATEMENT

City Charter Section 9.118(b) states that any contract entered into by a department, board or commission that (1) has a term of more than ten years, (2) requires expenditures of \$10 million or more, or (3) requires a modification of more than \$500,000 is subject to Board of Supervisors approval.

BACKGROUND

The Office of Contract Administration selects information technology firms through a competitive request for proposals process to provide goods and services through the Technology Marketplace. City departments may purchase technology products and specialized services through the Technology Marketplace on an as-needed basis.

The Technology Marketplace offers technology products and services through the following three tiers of contracts. The Tier 1 contracts have amounts of more than \$10 million and require the technology company to provide a wide selection of products, professional services, maintenance, and training for City departments. Tier 1 contracts consist of Tier 1A, which offer general services, and Tier 1B, which offer specialized services. Tier 2 contracts are for amounts of less than \$10 million, and Tier 3 contracts are for services provided by Local Business Enterprises for amounts of \$600,000 or less.

The City has 13 active Tier 1 contracts, six of which are Tier 1A and seven of which are Tier 1B.¹

The Office of Contract Administration decided to implement Technology Marketplace 2.0, which no longer distinguishes between Tier 1A and 1B. According to Mr. Alaric Degrafinried, City Purchaser and Director at the Office of Contract Administration, only a limited number of general vendors and specialized vendors were previously allowed into Tier 1A and Tier 1B. However, due to the diversity of the needs of the City departments, the Office of Contract Administration, in consultation with the Department of Technology, Risk Management, the City Attorney's Office and other City departments, determined that the City would benefit from a broader pool of vendors. Therefore, Technology Marketplace 2.0 did not limit the number of Tier 1 vendors. In addition, Technology Marketplace 2.0 includes a specific procurement process for cloud services, the ability to refresh the Technology Marketplace by adding new vendors, and the implementation of language to allow flexible insurance requirements.

In June 2018, the Office of Contract Administration issued a request for proposals for Technology Marketplace 2.0, and received 21 Tier 1 proposals by August 8, 2018. After a verification process in which the Office of Contract Administration reviewed compliance of the proposals, two of the 21 Tier 1 proposals were deemed non-responsive for failing to meet the minimum qualifications. A selection panel, consisting of City staff with expertise in IT products and services, evaluated the 19 remaining Tier 1 proposals based on the proposer's

¹ The six Tier 1A technology companies are Central Computers, Inc., Computerland of Silicon Valley, En Pointe Technologies Sales, Inc., Technology Integration Group, World Wide Technology, Inc., and XTech JV. The seven Tier 1B technology companies are InterVision Systems Technologies, Inc., Robert Half Technologies, Inc., Stellar Services, Inc., Cornerstone Technology, SoftNet Solutions, LearnIT, and United Layer.

qualifications, product offerings and reseller certifications, experience with the requested services, service offerings, and interview responses. All proposers who received a score of 60 points or greater, out of a possible 100 points, were eligible for a contract award. The committee determined that 19 Tier 1 proposers received scores greater than 60 points and were therefore selected for award of a contract.

DETAILS OF PROPOSED LEGISLATION

The proposed resolutions will authorize the Office of Contract Administration to award contracts to 19 technology firms, enabling such firms to sell products and services to City departments through the Technology Marketplace 2.0. The individual contracts to the 19 technology companies include:

1. California Creative Solutions, Inc. (File 18-1114)
2. CDW-Government LLC (File 18-1115)
3. Central Computers, Inc. (File 18-1116)
4. CCT Technologies, Inc. dba Computerland of Silicon Valley (File 18-1117)
5. ConvergeOne, Inc. (File 18-1118)
6. Cornerstone Technology Partners II JV (File 18-1119)
7. DPP Tech, Inc. (File 18-1120)
8. Dynamic Systems, Inc. (File 18-1121)
9. En Pointe Technologies Sales, LLC (File 18-1122)
10. InterVision Systems LLC (File 18-1123)
11. Presidio Networked Solutions Group LLC (File 18-1124)
12. Robert Half International, Inc. (File 18-1125)
13. Slalom LLC (File 18-1126)
14. SoftNet Solutions, Inc. (File 18-1127)
15. Stellar Services, Inc. (File 18-1128)
16. Newton Softed, Inc. dba Variedy (File 18-1129)
17. World Wide Technology (File 18-1130)
18. X-Tech JV (File 18-1131)
19. Zones, Inc. (File 18-1132)

The services and products provided by each proposed contract is shown in Appendix 1.

Each of the proposed contracts is for an approximately three-year term from approximately January 1, 2019 through December 31, 2021, with two one-year options to extend the contract through December 31, 2023. The initial not-to-exceed amount of each contract is \$20,000,000.

FISCAL IMPACT

Under the proposed contracts, the City departments can purchase various technology products and services through the Technology Marketplace on an as needed basis. Each contractor has a maximum contract amount of \$20,000,000, which is the cumulative amount that City departments may purchase from each contractor. Should the maximum contract amount of \$20,000,000 be reached before the end of the contract on December 31, 2023 for any

individual contractor, the Office of Contract Administration may amend the maximum contract amount subject to the Board of Supervisors approval. All monies to purchase technology products and services are subject to appropriation approval by the Board of Supervisors.

The current Technology Marketplace contracts were for a not-to-exceed amount of \$12 million, or eight million less than each of the proposed contracts of \$20 million. According to Mr. Degrafinried, the current Tier 1 contract amounts were insufficient for four Tier 1 contractors and were modified before the end of the term to increase the not-to-exceed amounts (Files 15-0618, 17-0013, 17-0011, 17-0012, and 18-0381).² Therefore the Office of Contract Administration increased the not-to-exceed cap to \$20 million, which is based on the current average spend rate of \$23.5 million per vendor, as a better estimate of expected expenditure.

According to Mr. Degrafinried, it is extremely difficult to estimate contract expenditures as the contracts are for as-needed services. Under the current Technology Marketplace, approximately \$270 million was spent in all three tiers of the Technology Marketplace over the first four years of the contracts. Based on the expenditure rate among current Technology Marketplace Tier 1 contracts, the Office of Contract Administration estimates a yearly expenditure of \$75 million for the new Technology Marketplace 2.0 Tier 1 contracts, or \$225 million among Tier 1 contracts for the initial three year term. The total not to exceed amount of the 19 contracts is \$380 million (see Appendix 1).

Large purchases

City departments can purchase technology products and services from the 19 Tier 1 contracts in the Technology Marketplace. For technology products and services with a value between \$10,000 and \$2,500,000, City departments must solicit competitive proposals from the 19 contracts up to the contract not-to-exceed amount of \$20,000,000. Unless otherwise approved by the Purchaser, for purchases of technology and products and services with a value greater than \$2,500,000, the City departments must issue a separate request for proposals outside the Technology Marketplace. The 19 Technology Marketplace contractors are still eligible to submit proposals for technology products and services exceeding \$2,500,000, but under the terms of these 19 Technology Marketplace contracts, the City is not required to purchase technology products or services through Technology Marketplace contractors. The City may also add new contractors to the Technology Marketplace through a competitive solicitation, subject to Board of Supervisors approval.

RECOMMENDATION

Approve the proposed resolutions

² Three contracts were modified more than one time.

**Appendix 1: Proposed Technology Marketplace Not-To-Exceed Contracts between the City
and 19 Technology Companies**

Name	Products and/or Services Provided	Amount
California Creative Solutions, Inc.	Services: Training, Professional, Cloud	\$20,000,000
CDW-Government LLC	Products: Cisco, Dell, HP, HPE, IBM, Juniper, Microsoft, VMWare, Other Product Lines Services: Hardware Maintenance, Training, Professional	\$20,000,000
Central Computers, Inc.	Products: Cisco, Dell, HP, HPE, IBM, Juniper, Microsoft, VMWare, Other Product Lines Services: Hardware Maintenance, Professional	\$20,000,000
CCT Technologies, Inc. dba Computerland of Silicon Valley	Products: Cisco, Dell, HP, HPE, IBM, Juniper, Microsoft, VMWare, Other Product Lines Services: Hardware Maintenance, Training, Professional, Cloud	\$20,000,000
ConvergeOne, Inc.	Products: Cisco, Dell, HP, HPE, IBM, Juniper, Microsoft, VMWare, Other Product Lines Services: Hardware Maintenance, Training, Professional, Cloud	\$20,000,000
Cornerstone Technology Partners II JV	Products: Cisco, Dell, HP, HPE, IBM, Juniper, VMWare, Other Product Lines Services: Hardware Maintenance, Training, Professional, Cloud	\$20,000,000
DPP Tech, Inc.	Services: Professional, Cloud	\$20,000,000
Dynamic Systems, Inc.	Products: Cisco, Dell, HPE, Juniper, VMWare, Other Product Lines	\$20,000,000
En Pointe Technologies Sales, LLC	Products: Cisco, Dell, HP, HPE, IBM, Juniper, Microsoft, VMWare, Other Product Lines Services: Hardware Maintenance, Training, Professional, Cloud	\$20,000,000
InterVision Systems LLC	Products: Cisco, Dell, HPE, Juniper, VMWare, Other Product Lines Services: Hardware Maintenance, Professional, Cloud	\$20,000,000
Presidio Networked Solutions Group LLC	Products: Cisco, Dell, HP, HPE, IBM, Juniper, Microsoft, VMWare, Other Product Lines Services: Hardware Maintenance, Professional, Cloud	\$20,000,000
Robert Half International, Inc.	Products: Microsoft Services: Professional, Cloud	\$20,000,000
Slalom LLC	Services: Cloud	\$20,000,000
SoftNet Solutions, Inc.	Products: Dell, HP, HPE, IBM, Juniper, Microsoft Services: Hardware Maintenance, Professional	\$20,000,000
Stellar Services, Inc.	Services: Training, Professional	\$20,000,000
Newton Softed, Inc. dba Variedy	Services: Cloud	\$20,000,000
World Wide Technology	Products: Cisco, Dell, HP, IBM, Juniper, Microsoft, VMWare, Other Product Lines Services: Training, Professional	\$20,000,000

Name	Products and/or Services Provided	Amount
X-Tech JV	Products: Cisco, Dell, HP, HPE, IBM, Juniper, Microsoft, VMWare, Other Product Lines Services: Hardware Maintenance, Training, Professional, Cloud	\$20,000,000
Zones, Inc.	Products: Cisco, Dell, HP, HPE, IBM, Juniper, Microsoft, VMWare, Other Product Lines Services: Hardware Maintenance, Training, Professional, Cloud	\$20,000,000
Total		\$380,000,000